

TO PROMOTE ADVANCED PLUG-IN HYBRID VEHICLES
AND VEHICLE COMPONENTS

AUGUST 3, 2007.—Ordered to be printed

Mr. DINGELL, from the Committee on Energy and Commerce,
submitted the following

R E P O R T

[To accompany H.R. 3239]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 3239) to promote advanced plug-in hybrid vehicles and vehicle components, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

CONTENTS

	Page
Purpose and Summary	1
Background and Need for Legislation	2
Hearings	3
Subcommittee Consideration	4
Committee Consideration	4
Committee Votes	4
Committee Oversight Findings	7
Statement of General Performance Goals and Objectives	7
New Budget Authority, Entitlement Authority, and Tax Expenditures	7
Earmarks and Tax and Tariff Benefits	7
Committee Cost Estimate	7
Congressional Budget Office Estimate	7
Federal Mandates Statement	7
Advisory Committee Statement	7
Constitutional Authority Statement	8
Applicability to Legislative Branch	8
Section-by-Section Analysis of the Legislation	8
Changes in Existing Law Made by the Bill, as Reported	8

PURPOSE AND SUMMARY

The purpose of H.R. 3239 is to encourage the domestic development and production of advanced technology vehicles and components. It also includes programs to develop the next generation of vehicle batteries and promote plug-in hybrid vehicles.

The bill directs the Secretary of Energy to establish a program to provide guarantees of loans for the construction of facilities for the manufacture of advanced vehicle batteries and battery systems that are developed and produced in the United States.

The bill amends Section 712 of the Energy Policy Act of 2005 to expand that section's application to components of hybrid batteries and vehicles, and gives priority to manufacturing facilities that have recently ceased or will soon cease operation.

The bill directs the Secretary of Energy to establish a program to make grants to owners of domestic motor vehicle manufacturing or production facilities for the production of plug-in hybrid electric motors or conversion modules to be used as electricity storage capacity for utilities.

The bill amends section 301 of the Energy Policy Act of 1992 to create incentives for the use of medium and heavy duty hybrid vehicles in Federal and State fleets.

The bill amends Section 508 of the Energy Policy Act of 1992 to include electric drive.

The bill directs the Secretary of Energy to establish a revolving loan guarantee program to provide loans to eligible entities for the conduct of qualified electric transportation projects.

Finally, the bill directs the Secretary of Transportation, in consultation with the Secretary of Energy and appropriate Federal agencies and interested stakeholders in the public, private, and non-profit sectors, to study and report to Congress on the benefits of plug-in hybrid electric drive vehicles and electric drive transportation.

BACKGROUND AND NEED FOR LEGISLATION

Numerous sections in title 42, United States Code grant the Secretary of Energy and other Executive branch officials the ability to create grant programs to speed the development of new technologies. Additionally, many statutes direct Executive agencies to study and report to Congress on the costs and benefits of the implementation of new technologies currently under development.

At a March 14, 2007, hearing of the Subcommittee on Energy and Air Quality, Ron Gettelfinger, President of the International Union, United Automobiles, Aerospace and Agricultural Implement Workers of America (UAW), stated in his testimony that existing tax incentives for the purchase of hybrid electric vehicles could have the effect of transferring production of vehicles and vehicle components purchased in the United States overseas, because these incentives are consumer-oriented and focus only on the finished product, not differentiating between domestic and foreign development and production.

At a legislative hearing of the Subcommittee on Energy and Air Quality held on June 7, 2007, Alan Reuther, Legislative Director of the UAW, testified in support of the provisions in the legislation creating incentives for domestic development and production of components of advanced technology hybrid vehicles, citing benefits in energy security, greenhouse gas emissions, and domestic job creation. At the same hearing, Dave McCurdy, President and CEO of the Alliance of Automobile Manufacturers, stated that the Alliance also supported setting aside funds for research and development of these technologies.

HEARINGS

There were three oversight hearings and one legislative hearing held by the Subcommittee on Energy and Air Quality, Committee on Energy and Commerce, in connection with the bill reported by the Committee.

The Subcommittee on Energy and Air Quality held a hearing entitled, "Climate Change and Energy Security: Perspectives from the Automobile Industry," on Wednesday, March 14, 2007. The Subcommittee received testimony from the following witnesses: Mr. Ron Gettelfinger, President, International Union, United Automobile, Aerospace and Agricultural Implement Workers of America; Mr. Rick Wagoner, Chairman and Chief Executive Officer, General Motor Corporation; Mr. Jim Press, President and Chief Operating Officer, Toyota Motor North America; Mr. Alan R. Mulally, President and Chief Executive Officer, Ford Motor Company; Mr. Thomas W. LaSorda, Chief Executive Officer and President, Chrysler Group of DaimlerChrysler.

The Subcommittee on Energy and Air Quality held a hearing entitled, "Alternative Transportation Fuels: An Overview," on Wednesday, April 18, 2007. The Subcommittee received testimony from the following witnesses: Mr. Brian Foody, Chief Executive Officer, Iogen Corporation; Mr. Donald W. Maley, Jr., Vice President, Leucadia International Corporation; Mr. John Ward, Vice President, Headwaters Incorporated; Dr. Alexander E. Farrell, Assistant Professor of Energy and Resources, Director, Transportation Sustainability Research Center, University of California Berkley; Mr. Phil Lambert, Executive Director, National Ethanol Vehicle Coalition; and Mr. Scott Hughes, Director, Government Affairs, National Biodiesel Board.

The Subcommittee on Energy and Air Quality held a hearing entitled, "Alternative Fuels: Current Status, Proposals for New Standards, and Related Infrastructure Issues," on Tuesday, May 8, 2007. The Subcommittee received testimony from the following witnesses: Mr. Robert J. Meyers, Associate Assistant Administrator, Environmental Protection Agency; The Honorable Alexander A. Karsner, Assistant Secretary, Energy Efficiency and Renewable Energy, U.S. Department of Energy; Mr. Robert Greco, Group Director, Downstream and Industry Operations, American Petroleum; Mr. Warren I. Mitchell, Chairman of the Board, Clean Energy; Daniel A. Lashof, Ph.D., Climate Center Science Director, National Resources Defense Council; Mr. Bob Dinneen, President, Renewable Fuels Association; Mr. Paul D. Reid, President and CEO, Reid Petroleum Corporation; Mr. Charles T. Drevna, Executive Vice President, National Petrochemical and Refiners Association; and Ms. Elizabeth A. Lowery, Vice President for Environment, Energy and Safety, General Motors Public Policy Center.

The Subcommittee on Energy and Air Quality held a hearing entitled "Legislative Hearing on Discussion Draft Concerning Alternative Fuels, Infrastructure, and Vehicles," on Thursday, June 7, 2007. The Subcommittee received testimony from the following witnesses: Mr. Bob Dinneen, President and CEO, Renewable Fuels Association; Mr. Charles T. Drevna, Executive Vice President, National Petrochemical and Refiners Association; Mr. Phillip J. Lampert, Executive Director, National Ethanol Vehicle Coalition;

Ms. Sonja Hubbard, Chief Executive Officer, E-Z Mart Stores, Inc.; Mr. John DeCicco, Senior Automotive Fellow, Environmental Defense; Mr. Alan Reuther, Legislative Director, International Union, United Automobile, Aerospace and Agricultural Implement Workers of America; The Honorable Dave McCurdy, President and CEO, Alliance of Automobile Manufacturers; The Honorable Alexander A. Karsner, Assistant Secretary, Energy Efficiency and Renewable Energy, U.S. Department of Energy; Mr. Robert J. Meyers, Acting Assistant Administrator, Office of Air and Radiation, Environmental Protection Agency.

SUBCOMMITTEE CONSIDERATION

Prior to the introduction of H.R. 3239, its text was considered in the Committee as a Committee Print.

On Wednesday, June 20, 2007, the Subcommittee on Energy and Air Quality met in open markup session and considered a Committee Print to promote advanced plug-in hybrid vehicles and vehicle technologies. The Committee Print was forwarded favorably to the full Committee, amended, by a voice vote. The Committee Print forwarded by the Subcommittee was subsequently designated Committee Print #5 for full Committee consideration.

COMMITTEE CONSIDERATION

On Thursday, June 28, 2007, the full Committee met in open markup session and considered the Committee Print, which was then ordered favorably reported to the House, amended, by a voice vote. On July 31, 2007, a clean bill, H.R. 3239, was introduced with the approved language of the Committee Print, and was referred to the full Committee to be reported to the House without further consideration.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. Mr. Dingell moved that the Committee favorably report the Committee Print, amended, to the House. The motion to report the Committee Print favorably to the House was agreed to by a voice vote. The following are the recorded votes taken on amendments, including the names of those Members voting for and against.

COMMITTEE ON ENERGY AND COMMERCE -- 110TH CONGRESS
ROLL CALL VOTE # 23

BILL: Committee Print # 5, to promote advanced plug-in hybrid vehicles and vehicle components.

AMENDMENT: An amendment by Mr. Inslee, # 1, to establish a grant program for pilot programs for conversion of domestic vehicles to plug-in hybrid demonstration vehicles or conversion modules to be used as electricity storage capacity for utilities.

DISPOSITION: **AGREED TO**, by a roll call vote of 37 yeas to 12 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Mr. Dingell				Mr. Barton		X	
Mr. Waxman				Mr. Hall		X	
Mr. Markey	X			Mr. Hastert		X	
Mr. Boucher	X			Mr. Upton	X		
Mr. Towns	X			Mr. Stearns			
Mr. Pallone	X			Mr. Deal		X	
Mr. Gordon	X			Mr. Whitfield	X		
Mr. Rush	X			Mrs. Cubin		X	
Ms. Eshoo	X			Mr. Shimkus		X	
Mr. Stupak	X			Mrs. Wilson	X		
Mr. Engel	X			Mr. Shadegg		X	
Mr. Wynn	X			Mr. Pickering		X	
Mr. Green	X			Mr. Fossella			
Ms. DeGette	X			Mr. Buyer	X		
Ms. Capps	X			Mr. Radanovich		X	
Mr. Doyle	X			Mr. Pitts		X	
Ms. Harman				Ms. Bono	X		
Mr. Allen	X			Mr. Walden			
Ms. Schakowsky	X			Mr. Terry	X		
Ms. Solis	X			Mr. Ferguson			
Mr. Gonzalez	X			Mr. Rogers			
Mr. Inslee	X			Mrs. Myrick	X		
Ms. Baldwin	X			Mr. Sullivan		X	
Mr. Ross	X			Mr. Murphy	X		
Ms. Hooley	X			Mr. Burgess	X		
Mr. Weiner	X			Ms. Blackburn		X	
Mr. Matheson	X						
Mr. Butterfield	X						
Mr. Melancon	X						
Mr. Barrow	X						
Mr. Hill	X						

06/28/2007

COMMITTEE ON ENERGY AND COMMERCE -- 110TH CONGRESS
ROLL CALL VOTE # 24

BILL: Committee Print # 5, to promote advanced plug-in hybrid vehicles and vehicle components.

AMENDMENT: An amendment by Mr. Engel, # 2, to strengthen the plug-in hybrid vehicle program in section 3, promoting the use and commercialization of batteries that will encourage reductions in battery prices.

DISPOSITION: **AGREED TO**, by a roll call vote of 30 yeas to 19 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Mr. Dingell				Mr. Barton		X	
Mr. Waxman				Mr. Hall		X	
Mr. Markey				Mr. Hastert		X	
Mr. Boucher	X			Mr. Upton		X	
Mr. Towns	X			Mr. Stearns		X	
Mr. Pallone	X			Mr. Deal		X	
Mr. Gordon				Mr. Whitfield		X	
Mr. Rush	X			Mrs. Cubin		X	
Ms. Eshoo	X			Mr. Shimkus			
Mr. Stupak	X			Mrs. Wilson	X		
Mr. Engel	X			Mr. Shadegg		X	
Mr. Wynn	X			Mr. Pickering		X	
Mr. Green	X			Mr. Fossella		X	
Ms. DeGette	X			Mr. Buyer		X	
Ms. Capps	X			Mr. Radanovich		X	
Mr. Doyle	X			Mr. Pitts		X	
Ms. Harman	X			Ms. Bono	X		
Mr. Allen	X			Mr. Walden		X	
Ms. Schakowsky	X			Mr. Terry	X		
Ms. Solis				Mr. Ferguson			
Mr. Gonzalez				Mr. Rogers		X	
Mr. Inslee	X			Mrs. Myrick	X		
Ms. Baldwin	X			Mr. Sullivan		X	
Mr. Ross	X			Mr. Murphy	X		
Ms. Hooley	X			Mr. Burgess		X	
Mr. Weiner	X			Ms. Blackburn		X	
Mr. Matheson	X						
Mr. Butterfield	X						
Mr. Melancon	X						
Mr. Barrow	X						
Mr. Hill	X						

06/28/2007

COMMITTEE OVERSIGHT FINDINGS

Regarding clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the oversight findings of the Committee on the bill are reflected in this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

The goals and objectives of H.R. 3239 are to promote advanced plug-in hybrid vehicles and vehicle components through various means, including establishing a loan guarantee program for the construction of facilities to manufacture advanced vehicle batteries and battery systems, a grant program to support the domestic development and production of plug-in hybrid technology vehicles, and a grant program to encourage widespread use of plug-in hybrids.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Regarding compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 3239 would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

earmarks and tax and tariff benefits

Regarding compliance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 3239 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI.

COMMITTEE COSTS ESTIMATE

The Committee will adopt as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Regarding clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, a cost estimate on H.R. 3239 by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974 was not available as of the time of the filing of this report by the Committee.

FEDERAL MANDATES STATEMENT

The Committee will adopt as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

Regarding section 5(b) of the Federal Advisory Committee Act, the bill does not establish any advisory committee.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for this legislation is provided in the provisions of Article I, section 8, clause 1, that relate to expending funds to provide for the general welfare of the United States.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Advanced Battery Loan Guarantee Program.—Directs the Secretary of Energy to establish a program to provide guarantees of loans for the construction of facilities for the manufacture of advanced vehicle batteries and battery systems that are developed and produced in the United States.

Section 2. Domestic Manufacturing Conversion Grant Program.—Amends Section 712 of the Energy Policy Act of 2005 (42 U.S.C. 16062) to expand that section's application to components of hybrid batteries and vehicles, and gives priority to manufacturing facilities that have recently ceased or will soon cease operation.

Section 3. Plug-in Hybrid Vehicles Program.—

Section 4. Plug-in Hybrid Demonstration Vehicles.—Directs the Secretary of Energy to establish a program to make grants to owners of domestic motor vehicle manufacturing or production facilities for the production of plug-in hybrid electric motors or conversion modules to be used as electricity storage capacity for utilities.

Section 5. Incentive for Federal and State Fleets for Medium and Heavy Duty Hybrids.—Amends section 301 of the Energy Policy Act of 1992 (42 U.S.C. 13211) to create incentives for the use of medium and heavy duty hybrid vehicles in Federal and State fleets.

Section 6. Inclusion of Electric Drive in EPACT.—Amends Section 508 of the Energy Policy Act of 1992 (42 U.S.C. 13258) to include electric drive in relevant provisions of the Energy Policy Act of 1992.

Section 8. Studying the Benefits of Plug-in Hybrid Electric Drive Vehicles and Electric Driver Transportation.—Directs the Secretary of Transportation, in consultation with the Secretary of Energy and appropriate Federal agencies and interested stakeholders in the public, private and non-profit sectors, to study and report to Congress on the benefits of plug-in hybrid electric drive vehicles and electric drive transportation.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ENERGY POLICY ACT OF 2005

* * * * *

TITLE VII—VEHICLES AND FUELS

* * * * *

**Subtitle B—Hybrid Vehicles, Advanced
Vehicles, and Fuel Cell Buses**

PART 1—HYBRID VEHICLES

* * * * *

SEC. 712. EFFICIENT HYBRID AND ADVANCED DIESEL VEHICLES.

(a) PROGRAM.—The Secretary shall establish a program to encourage domestic production and sales of efficient hybrid and advanced diesel vehicles *and components thereof*. The program shall include grants to automobile manufacturers *and suppliers and hybrid component manufacturers* to encourage domestic production of efficient hybrid, *plug-in electric hybrid*, and advanced diesel vehicles. *Priority shall be given to the refurbishment or retooling of manufacturing facilities that have recently ceased operation or will cease operation in the near future.*

[(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary for carrying out this section such sums as may be necessary for each of the fiscal years 2006 through 2015.]

(b) COORDINATION WITH STATE AND LOCAL PROGRAMS.—*The Secretary may coordinate implementation of this section with State and local programs designed to accomplish similar goals, including the retention and retraining of skilled workers from the such manufacturing facilities, including by establishing matching grant arrangements.*

(c) AUTHORIZATION OF APPROPRIATIONS.—*There are authorized to be appropriated to the Secretary such sums as may be necessary to carry out this section.*

* * * * *

ENERGY POLICY ACT OF 1992

* * * * *

**TITLE III—ALTERNATIVE FUELS—
GENERAL**

SEC. 301. DEFINITIONS.

For purposes of this title, title IV, and title V (unless otherwise specified)—

(1) * * *

* * * * *

(3) the term “alternative fueled vehicle” means a dedicated vehicle **[(or a dual fueled vehicle)], a dual fueled vehicle, or a medium or heavy duty vehicle that is a hybrid vehicle;**

* * * * *

(11) the term “hybrid vehicle” means a vehicle powered both by a diesel or gasoline engine and an electric motor or hydraulic energy storage device that is recharged as the vehicle operates;

[(11)] (12) the term “light duty motor vehicle” means a light duty truck or light duty vehicle, as such terms are defined under section 216(7) of the Clean Air Act (42 U.S.C. 7550(7)), of less than or equal to 8,500 pounds gross vehicle weight rating;

(13) the term “medium or heavy duty vehicle” means a vehicle that—

(A) in the case of a medium duty vehicle, has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds; and

(B) in the case of a heavy duty vehicle, has a gross vehicle weight rating of more than 14,000 pounds;

[(12)] (14) the term “motor fuel” means any substance suitable as a fuel for a motor vehicle;

[(13)] (15) the term “motor vehicle” has the meaning given such term under section 216(2) of the Clean Air Act (42 U.S.C. 7550(2)); and

[(14)] (16) the term “replacement fuel” means the portion of any motor fuel that is methanol, ethanol, or other alcohols, natural gas, liquefied petroleum gas, hydrogen, coal derived liquid fuels, fuels (other than alcohol) derived from biological materials, electricity (including electricity from solar energy), ethers, or any other fuel the Secretary determines, by rule, is substantially not petroleum and would yield substantial energy security benefits and substantial environmental benefits.

* * * * *

TITLE V—AVAILABILITY AND USE OF REPLACEMENT FUELS, ALTERNATIVE FUELS, AND ALTERNATIVE FUELED PRIVATE VEHICLES

* * * * *

SEC. 508. CREDITS.

(a) IN GENERAL.—**[(The Secretary)]** (1) *The Secretary* shall allocate a credit to a fleet or covered person that is required to acquire an alternative fueled vehicle under this title, if that fleet or person acquires an alternative fueled vehicle in excess of the number that fleet or person is required to acquire under this title or acquires an alternative fueled vehicle before the date that fleet or person is required to acquire an alternative fueled vehicle under such title.

(2) *Not later than January 31, 2009, the Secretary shall allocate credit in an amount to be determined by the Secretary for acquisition of—*

- (A) a hybrid electric vehicle;
- (B) a plug-in hybrid electric vehicle;
- (C) a fuel cell electric vehicle;
- (D) a neighborhood electric vehicle; or
- (E) a medium-duty or heavy-duty electric, hybrid electric, hybrid hydraulic, or plug-in hybrid electric vehicle.

* * * * *

(e) **DEFINITIONS.**—In this section:

(1) **FUEL CELL ELECTRIC VEHICLE.**—The term “fuel cell electric vehicle” means an on-road or nonroad vehicle that uses a fuel cell (as defined in section 803 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 2005 (42 U.S.C. 16152)).

(2) **HYBRID ELECTRIC VEHICLE.**—The term “hybrid electric vehicle” means a new qualified hybrid motor vehicle (as defined in section 30B(d)(3) of the Internal Revenue Code of 1986).

(3) **MEDIUM-DUTY OR HEAVY-DUTY ELECTRIC, HYBRID ELECTRIC, OR PLUG-IN HYBRID ELECTRIC VEHICLE.**—The term “medium-duty or heavy-duty electric, hybrid electric, or plug-in hybrid electric vehicle” is an electric, hybrid electric, or plug-in hybrid electric motor vehicle greater than 8,501 pounds gross vehicle rating.

(4) **NEIGHBORHOOD ELECTRIC VEHICLE.**—The term “neighborhood electric vehicle” means a 4-wheeled on-road or nonroad vehicle, with a top attainable speed in 1 mile of more than 20 mph and not more than 25 mph on a paved level surface, that is propelled by an electric motor and on board, rechargeable energy storage system that is rechargeable using an off-board source of electricity.

(5) **PLUG-IN HYBRID ELECTRIC VEHICLE.**—The term “plug-in hybrid electric vehicle” means a light-duty, medium-duty, or heavy-duty on-road or nonroad vehicle that is propelled by any combination of—

(A) an electric motor and on-board, rechargeable energy storage system capable of operating the vehicle in intermittent or continuous all-electric mode and which is rechargeable using an off-board source of electricity; and

(B) an internal combustion engine or heat engine using any combustible fuel.

(f) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2008 through 2013.

* * * * *